

§ 62.23

Program participant means an individual whose application to the Loan Repayment Program has been approved and whose contract has been accepted and signed by the Secretary.

Qualifying loans means government and commercial loans for actual costs paid for tuition, reasonable educational expenses, and reasonable living expenses relating to the obtainment of a degree in allopathic or osteopathic medicine, dentistry, or other health profession. Such loans must have documentation which is contemporaneous with the training received in a health professions school. If health professions educational loans are refinanced, the original documentation of the loan(s) will be required to be submitted to the Secretary to establish the contemporaneous nature of such loans.

Reasonable educational and living expenses means those educational and living expenses which are equal to or less than the sum of the school's estimated standard student budgets for educational and living expenses for the degree program and for the year(s) during which the Program participant is/was enrolled in the school. However, if the school attended by the Program participant does/did not have a standard student budget or if a Program participant requests repayment for educational and living expenses which are in excess of the standard student budgets described in the preceding sentence, the Program participant must submit documentation, as required by the Secretary, to substantiate the reasonableness of all educational and living expenses incurred by the Program participant. To the extent that the Secretary determines, upon review of the Program participant's documentation, that all or a portion of the educational and living expenses are reasonable, these expenses will qualify for repayment.

§ 62.23 How will individuals be selected to participate in the Loan Repayment Program?

(a) In determining which applications from eligible individuals for participation in the Loan Repayment Program will be accepted for consideration, the Secretary will apply the following criteria:

42 CFR Ch. I (10–1–05 Edition)

(1) The extent to which an individual's training is in a health profession or specialty determined by the Secretary to be needed by the National Health Service Corps;

(2) The individual's commitment to serve in medically underserved areas;

(3) The availability of the individual for service, with highest consideration being given to individuals who will be available for service at the earliest dates;

(4) The length of the individual's proposed service obligation, with greatest consideration being given to persons who agree to serve for longer periods of time; and

(5) The individual's academic standing, prior professional experience in a health manpower shortage area, board certification, residency achievements, peer recommendations, depth of past residency practice experience and other criteria related to professional competence or conduct.

(b) Among qualified applicants, the Secretary will give priority to applications from individuals whose health professions or specialties are most needed by the NHSC and who are, in the Secretary's judgement, most committed to practice in medically underserved areas.

(c) By notice published in the FEDERAL REGISTER from time to time, the Secretary will specify the professions and specialties most needed by the National Health Service Corps.

§ 62.24 Who is eligible to apply for the Loan Repayment Program?

(a) To be eligible to participate in the Loan Repayment Program an individual must:

(1)(i) Be enrolled as a full-time student in the final year of a course of study or program approved by the Secretary which leads to a degree in allopathic or osteopathic medicine, dentistry or other health profession and which is offered by an accredited school in a State or

(ii) Be enrolled in an approved graduate training program in allopathic or osteopathic medicine or dentistry or other health profession in a State, or

(iii) Have a degree in allopathic or osteopathic medicine or dentistry or

other health profession and have completed an approved graduate training program in a State (or received a waiver of the completion requirement under § 62.26(d) of this subpart) and have a current and valid license to practice such health profession in a State;

(2) Be eligible for, or hold, an appointment as a commissioned officer in the Regular or Reserve Corps of the Public Health Service or be eligible for selection for civilian service in the National Health Service Corps;

(3) Submit an application to participate in the Loan Repayment Program; and

(4) Sign and submit to the Secretary, at the time of the submission of such application, a written contract agreeing to accept repayment of health professions educational loans and to serve (in accordance with this subpart) for the applicable period of obligated service in a health manpower shortage area as determined by the Secretary.

(b) Any individual who owes an obligation for health professional service to the Federal Government or a State or other entity under an agreement with such Federal, State or other entity is ineligible for the Loan Repayment Program unless such obligation will be completely satisfied prior to the beginning of service under this Program.

(c) Individuals in breach of a written contract entered into under section 338A of the Act and liable to the United States under section 338E(b) of the Act, in breach of a written contract entered into under section 225 of the Act (as in effect on September 30, 1977) and liable to the United States under section 225(f)(1) of the Act (as in effect on September 30, 1977) or in breach of any other obligation for health professional service to a Federal, State or local government entity are not eligible for participation in the Loan Repayment Program.

(Approved by the Office of Management and Budget under control number 0915-0127)

§ 62.25 What does the Loan Repayment Program provide?

(a) *Loan repayment.* For each year of service the individual agrees to serve, with a minimum of 2 years of obligated service, the Secretary may pay:

(1) Except as provided in paragraph (a)(2) of this section, up to \$20,000 per year of a Program participant's qualifying loans or

(2) Up to \$25,000 per year for a Program participant's qualifying loans if the Program participant agrees to provide obligated service in the Indian Health Service or a health facility or program operated by a tribe or tribal organization under the Indian Self-Determination Act.

The Secretary may establish different levels of annual loan repayment to encourage Program participants to serve in a manner which is in the best interest of the Loan Repayment Program. No loan repayments will be made for any professional practice performed prior to the effective date of the Loan Repayment Program Contract. Once a loan repayment contract has been signed by both parties, the Secretary will obligate such funds as will be necessary to ensure that sufficient funds will be available to make loan repayments for the duration of the period of obligated service.

(b) *Site visit.* The Secretary may reimburse an individual for the actual and reasonable travel expenses associated with one trip from the individual's residence to a site for the purpose of evaluating such site for service under the Loan Repayment Program.

(c) *Tax liability payments.* The Secretary may, upon a Program participant's written request, make payments in a reasonable amount, as determined by the Secretary, to reimburse the Program participant for all or part of the increased Federal, State and local tax liability resulting from loan repayments received under the Loan Repayment Program. To maximize the Federal resources available for placing participants in HMSAs, supplementary payments for increased tax liability will only be made under unusual circumstances, and in no cases will these tax liability payments exceed 20% of the annual amounts of the loans being repaid. Program participants wishing to receive tax liability payments must submit their requests for such payments in a manner prescribed by the Secretary and must provide the Secretary with any documentation the Secretary determines is necessary to